MARYLAND MULTI-HOUSING ASSOCIATION, INC.

House Bill 71

Committee: Environment and Transportation
Date: January 25, 2022
Position: Unfavorable

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996. Our members house more than 538,000 residents of the State of Maryland. **MMHA has strong concerns regarding the overly broad regulatory burdens and extreme penalty provisions within House Bill 71 (HB 71).**

As currently drafted, HB 71 prohibits the owner of a manufactured housing community from accepting an offer for the sale or transfer of a community without first providing notice of the *terms* of the offer to each homeowner in the community, including a copy of the sales agreement. The community owner must also provide a copy to the clerk of the court for the county in which the property is located. Further, the community owner must hold the sale open for at least *150* days so that a homeowners organization comprised of any number of homeowners in the community can attempt to find financing and purchase the property. Additionally, the 150 day deadline must be extended one day for each day that any litigation involving the sale of a manufactured housing community or litigation affecting the marketability of the title of the manufactured housing community is pending. Finally, the requirements established in the bill apply separately to each substantially different offer to sell or to purchase a manufactured housing community.

On page 10, line 3, HB 71 requires a community owner to effectively pause a sale for 150 days so that a homeowners organization can attempt to gain financing and submit an offer. On page 7, line 14, HB 71 defines homeowners association so broadly that multiple groups could activate multiple 150-day pauses and effectively delay any purchase beyond a reasonable time. Further, the definition of a homeowners association does not require a minimum number of homeowners to be members. As such, the homeowners association may not represent the position of a majority of homeowners in the community.

On page 12, line 1, HB 71 establishes that failure to comply with the requirements of the statute will result in liability of $50,000 or 50% of the gain realized by the community owner as a result of the sale, whichever is greater. In addition to that financial penalty, a failure to comply with the statute is considered an unfair and deceptive trade practice subject to the provisions of Title 13 of the Commercial Law Article, except § 13–411. **In its current posture, HB 71 could expose community owners to more than $50,000 in penalties if they miss a mailing address during the notice process.** As such, MMHA has significant concerns regarding the excessive penalty provisions included within the bill.

MMHA is unsure of what issue HB 71 is attempting to solve. Homeowners currently have the ability to join together, obtain financing, and submit an offer to purchase a manufactured housing community. Unfortunately, as currently drafted, HB 71 is so broad that the bill would expose community owners to excessive penalties, delays, and unclear requirements when selling a manufactured housing community. For these reasons, MMHA respectfully requests an unfavorable report on HB 71.

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